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**STATE OF IOWA  
LEGISLATIVE FISCAL BUREAU**

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Des Moines, Iowa  
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**MEMORANDUM**



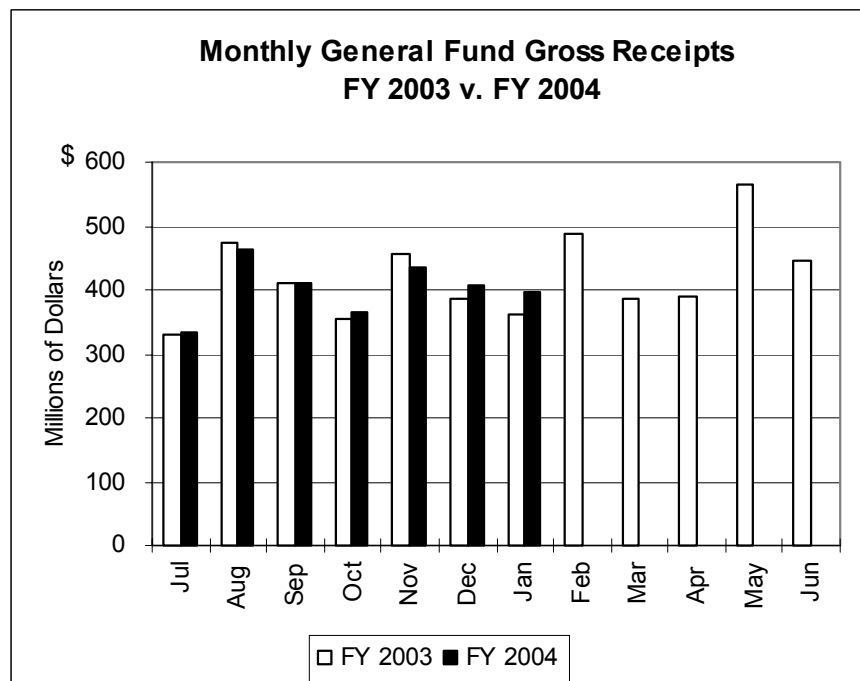
TO: Members of the Iowa Senate and  
Members of the Iowa House of Representatives

FROM: Dennis C. Prouty

DATE: February 2, 2004

**Monthly General Fund Receipts through January 31, 2004**

The attached spreadsheet presents total FY 2004 monthly General Fund receipts, with comparable figures for actual FY 2003. The figures can be compared to the FY 2004 estimate of \$5.107 billion set by the Revenue Estimating Conference (REC) on December 8, 2003. The estimate represents an increase of \$60.3 million (1.2%) compared to actual FY 2003 gross cash receipts (excluding transfers). A date for the next Revenue Estimating Conference has not been set.



## FY 2004 Compared to FY 2003

**Year-to-date FY 2004 total gross revenues** (excluding transfers) increased \$37.3 million (1.3%) compared to the same time period of FY 2003. Major revenue sources contributing to the change include:

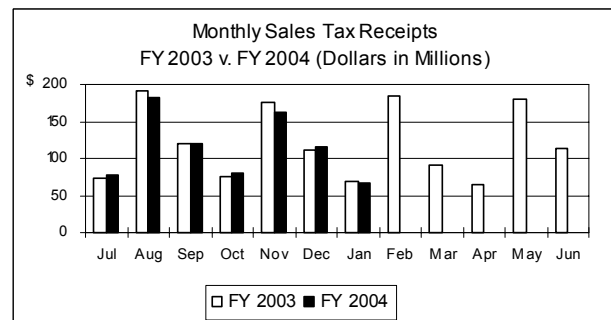
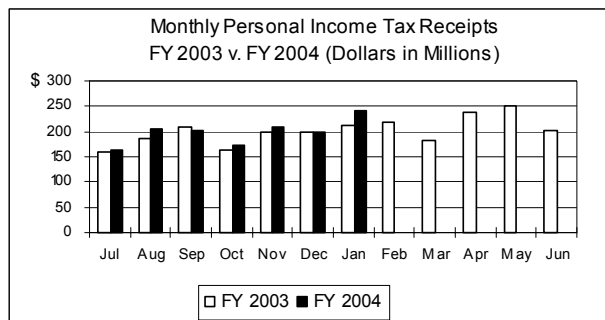
- Personal income tax (positive \$67.2 million)
- Sales & use tax (negative \$9.4 million)
- Corporate tax payments (negative \$24.1 million)
- Other taxes (positive \$0.2 million)
- Other receipts (positive \$3.3 million)

Much of the projected revenue growth in FY 2004 is due to changes to unclaimed property regulations. The new revenue from this source is not expected until late in FY 2004. Therefore, FY 2004 comparisons to the REC estimate will appear lower than is actually the case until the unclaimed property proceeds are deposited to the General Fund in late spring.

**Personal income tax** revenues received in January totaled \$241.1 million, an increase of \$30.0 million (14.2%) compared to January 2003.

The FY 2004 REC income tax estimate of \$2.527 billion represents a projected increase of 4.5% compared to actual FY 2003. The year-to-date change in personal income tax receipts is 5.1%. Withholding tax payments are up 5.9% while estimated income tax payments are up 0.1%.

The following Chart compares FY 2004 monthly personal income tax receipts from the three personal income tax sub-categories with FY 2003.



**Sales tax** receipts received in January totaled \$65.9 million, a decrease of \$4.1 million (5.9%) compared to January 2003.

The REC estimate for FY 2004 sales tax receipts is \$1.450 billion, no change compared to actual FY 2003. The year-to-date growth in sales tax receipts is negative 1.4%.

The preceding Chart compares FY 2004 monthly sales tax receipts with FY 2003.

**Use tax** receipts received in January totaled \$30.1 million, an increase of \$3.2 million (11.8%) compared to January 2003.

The REC estimate for FY 2004 use tax receipts is \$252.9 million, a decrease of 0.5% compared to the FY 2003 level. The year-to-date growth in use tax receipts is positive 1.1%.

**Corporate tax** receipts received in January totaled \$19.1 million, a \$1.3 million increase (7.5%) compared to January 2003. The REC estimate for FY 2004 corporate tax receipts is \$180.1 million, which represents a

decrease of 24.0% compared to actual FY 2003. The year-to-date growth in corporate tax receipts is negative 18.0%.

**Other tax** receipts received in January totaled \$18.0 million, a \$0.5 million (4.6%) increase compared to actual FY 2003. Inheritance and franchise (banking) tax receipts were up for the month, while cigarette tax receipts were down.

The REC estimate for FY 2004 receipts from other taxes is \$355.2 million, which represents a decrease of 5.6% compared to actual FY 2003. The year-to-date growth in other taxes is positive 0.2%.

**Other receipts** (non-tax receipts) received in January totaled \$22.7 million, a \$3.3 million (16.7%) increase compared to actual FY 2003.

The REC estimate for FY 2004 other receipts is \$341.2 million, which represents an increase of 9.5% compared to actual FY 2003. The year-to-date growth in other receipts is 1.6%. The increase was due to the transfer of Area Education Agency (AEA) balances to the General Fund during December. Much of the projected revenue increase (unclaimed property) in other receipts is not expected until late spring, 2004.

### Status of the Economy

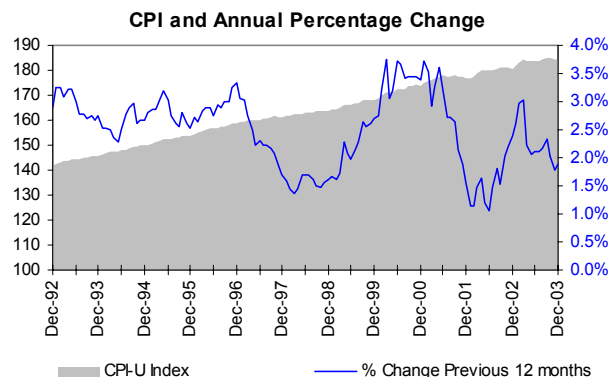
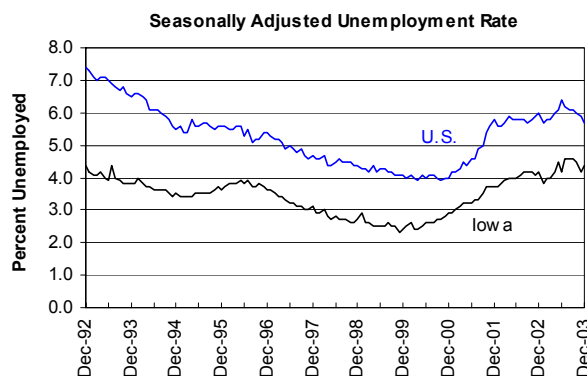
The December seasonally adjusted Iowa civilian unemployment rate was 4.4%, 0.2% higher than the November 2003 level and 0.2% higher than the level one year ago. Iowa's total adjusted December 2003 employment registered at 1,562,000, down 45,400 from last year's level. The seasonally adjusted employment numbers for 2003 and prior years are due to be revised (benchmarked) in early 2004. It is probable the large employment drop shown in current numbers will disappear when the benchmarking procedure is complete.

The number of unemployed persons in Iowa was reported at 71,200 in December, an increase of 1,400 compared to December 2002. A processing day issue impacted the 2003 numbers and likely was the cause of the increase.

The U.S. unemployment rate in December 2003 was 5.7%, 1.3 percentage points above the Iowa rate. The U.S. rate one year ago was 6.0%.

Consumer prices decreased 0.11% during the month of December (not seasonally adjusted), the third straight month the Index has decreased. The Consumer Price Index (CPI-U) through December 2003 was 184.3 (1983/84=100), 1.9% higher than one year ago.

The following charts illustrate Consumer Price Index and U.S./Iowa unemployment comparisons through December.



Information related to State General Fund receipts is available on the Fiscal Services Division's web site at: <http://staffweb.legis.state.ia.us/lfb/revdebt.htm>.

GENERAL FUND RECEIPTS - FY 2003 vs. FY 2004 July 1 through January 31, in millions of dollars Dollars may not add due to rounding					ESTIMATED GENERAL FUND RECEIPTS in millions of dollars FY 03 Actual Compared to FY 04 REC Estimate		
	FY 2003	FY 2004	Year to Date % CHANGE	January % CHANGE	Actual FY 2003	Estimate FY 2004	Projected % CHANGE
Personal Income Tax	\$ 1,325.6	\$ 1,392.8	5.1%	14.2%	\$ 2,417.6	\$ 2,527.2	4.5%
Sales Tax	816.9	805.8	-1.4%	-5.9%	1,450.3	1,450.4	0.0%
Use Tax	152.3	154.0	1.1%	11.8%	254.2	252.9	-0.5%
Corporate Income Tax	133.5	109.4	-18.1%	7.5%	237.0	180.1	-24.0%
Inheritance Tax	54.4	48.2	-11.4%	8.2%	88.1	76.7	-12.9%
Insurance Premium Tax	0.8	5.4	575.0%	317.9%	142.2	130.0	-8.6%
Cigarette Tax	51.5	50.1	-2.7%	-6.5%	88.1	86.3	-2.0%
Tobacco Tax	4.4	4.7	6.8%	-4.7%	7.4	7.5	1.4%
Beer Tax	8.5	8.6	1.2%	1.8%	13.9	14.0	0.7%
Franchise Tax	17.8	20.8	16.9%	58.4%	35.3	39.2	11.0%
Miscellaneous Tax	1.4	1.2	-14.3%	-436.9%	1.1	1.5	36.4%
Total Special Taxes	\$ 2,567.1	\$ 2,601.0	1.3%	9.0%	\$ 4,735.2	\$ 4,765.8	0.6%
Institutional Payments	10.5	7.0	-33.3%	-14.7%	16.2	14.6	-9.9%
Liquor Transfers - Profits	23.0	25.0	8.7%	50.0%	40.0	42.0	5.0%
Liquor Transfers - 7% Revenues	5.3	5.3	0.0%	0.0%	9.0	9.0	0.0%
Interest	12.7	4.3	-66.1%	-33.7%	18.1	12.0	-33.7%
Fees	42.8	45.7	6.8%	80.7%	72.1	66.2	-8.2%
Judicial Revenue	25.9	27.9	7.7%	-44.4%	54.7	57.3	4.8%
Miscellaneous Receipts	23.9	32.2	34.7%	5.9%	41.4	80.1	93.5%
Racing and Gaming Receipts	60.0	60.0	0.0%	0.0%	60.0	60.0	0.0%
TOTAL GROSS RECEIPTS	\$ 2,771.2	\$ 2,808.4	1.3%	9.4%	\$ 5,046.7	\$ 5,107.0	1.2%